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1. Introduction

Financial Statements are necessary sources of information about companies for a wide variety of users. Those who use financial statement information include company management teams, investors, creditors, government oversight agencies and the internal revenue services.

Users of financial statement information do no necessarily need to know everything about accounting to use the information in basic statements. However, the effective use of financial statement information, helpful to know a few simple concepts and to be familiar with some of the fundamental characteristics of basic financial statements.

A Financial Statement is an organized collection of data according to logical and consistent accounting procedures. Financial information is needed to predict, compare and evaluate the firm's earning ability. Its purpose is also to convey and the understanding of some financial aspects of a business firm.

2. Research Problem

DCCBs are in fact a federation of Primary Agricultural Credit Societies and other types of societies working within their jurisdiction. It has to undertake various promotional and developmental activities also. Being the social banker, it has to take banking facilities to the rural areas and unbanked centers. It is the spokesman for not only the primary agricultural credit societies, but also for other kinds of DCCBs institutions in the district. The DCCBs are also doing personal banking along with the financing of primary credit societies.

The DCCBs are nodal centers of financial institutions in the DCCBs sector in a district. They have to mobilize the available resources and utilize them in the most efficient and profitable manner. A significant problem observed recently in Gujarat is the low deployment of funds mobilized by DCCBs compared to the volume of deposits. This is in sharp contrast with the DCCBs of other states, where deployment is far ahead compared to mobilization of funds. As a consequence of this situation, efficiency in funds management has come down considerably and consequently the profitability of the DCCBs in Gujarat is found decreasing.

3. Literature review

To examine the growth of DCCBs in **India** through selective indicators, Thirupathi Kanchu (2012) have studied on the secondary sources drawn from National Federation of State Cooperative Banks Ltd (NFSCOB) reports, RBI bulletin and other web sites, papers, books and journals relating to Co-operative banking sector. They have collected the data for the period of ten years from 2001-02 to 2011-12. For analysis of the data, they have applied various statistical tools (Mean, S.D, C.V, Trend analysis) has been used to arrive at conclusion in a scientific way. They have concluded that the growth of No. of DCCBs and their branches have negative trend up to certain period later there is negligible positive trend where as the membership in cooperatives have been increasing. They have also concluded that the capital, reserves, and borrowings increased almost double during the study period, with a nominal percentage of variation.

Anil Kumar Soni et al. (2013) have attempted to assess the overall effectiveness in credit delivery of DCC Bank **Rajnandgaon** during the period 2009-2010 to 2011-2012. An analytical research design (Descriptive Statistics and Queue Model) was considered. The study was based on secondary data, which was collected, compiled and calculated from annual reports and records of the DCC Bank Rajnandgaon. Empirical results showed that DCC Bank Rajnandgaon was effective in credit delivery. The service rate of the bank was sound.

They covered the period of ten years from 2002-03 to 2011-12. The results of the study show that the financial position of the HARCO Bank reflects its profits declined over the period of study. The operational performance of the HARCO Bank and CCBs has not been as good as is evident from the operational results of these banks during the period 2002-03 to 2011-12. With regard to the financial position of the CCBs, they have also found that CCBs suffered losses during the study period. They have suggested that there is a need to improve the profitability positions of these banks. For this purpose first of all bank should focus on the Customer Relationship Management and fill the vacant posts immediately so that operational performance can be improved.

To know the lending practices, to measure and compare the efficiency, to study the impact of size on the efficiency and to suggest the appropriate measures to improve the efficiency of Cooperative Banks of India, Soyeliya Usha L. (2013) have studied on some

successful co-op banks in **Delhi (India).** Descriptive research was used in that study in order to identify the lending practices of bank and determining customer's level of satisfaction. He has collected Primary Data by Observation Method, Interview Method and Structured Questionnaire. Secondary Data was collected from the Annual reports of the bank, Manual of instructions on loans and advances, Books, Articles and Research Papers and Internet. He has taken 200 respondents. He has found that the customer has taken more than one type of loan from the banks. Moreover they suggested that the bank should adopt the latest technology of the banking like ATMs, Internet / online banking, credit cards etc. so as to bring the bank at par with the private sector banks.

4. Objectives of the Study

1. To find out the profitability of the DCCBs.
2. To find out long term Financial Strength through Capital Structure Analysis.
3. To Find out Short term Financial Strength through Liquidity Analysis.
4. To identify and to examine the problems relating to funds, overdue etc., faced by these banks.

5. Hypotheses

1 **H_0:** There is no significance difference in Profitability ratio among the selected DCCBs of Gujarat

H_1: There is a significance difference in Profitability among the selected DCCBs of Gujarat

2 **H_0:** There is no significance difference in Liquidity ratio among the selected DCCBs of Gujarat

H_1: There is a significance difference in Liquidity ratio among the selected DCCBs of Gujarat

3. **H_0:** There is no significance difference in Capital Structure ratio among the selected DCCBs of Gujarat

H_1: There is significance difference in Capital Structure ratio among the selected DCCBs of Gujarat

6. Research Methodology

The present study is limited to the funds management of, the DCCBs in Gujarat only. Though funds management is a very broad concept, the present study explores only the analysis of Profitability, Liquidity (short-term financial strength) and Capital Structure Analysis (long-term financial strength). Secondary data have been collected from the annual reports of these selected District Central Co-Operative banks. Various journals of co-operative, RBI Bulletins, Reference Books, Internet and leading daily Newspapers have been also taken into consideration to get the information.

The DCCBs in Gujarat constituted the universe of the study. There were 18 DCCBs in Gujarat State (Write the reference of number of DCCBs in Gujarat State), from these District Central Co-Operative banks, 17 DCCBs of Gujarat have been taken, as a research sample whereas one DCCB from Rajkot has not been considered as the data of this bank has not been provided according to their policy.

The Present Study has covered the period of the ten-year starting from 2003-04 to 2012-13. This period is long enough to derive meaningful conclusion. Moreover this period is also selected because the complete data for the present study are available.

Comparative Statement analysis, Common size analysis, Trend analysis, Ratio analysis, Funds flow analysis etc have been utilized for the analysis.

7. CHAPTER SCHEME

This research work has been divided into six chapters. By now, the content of the first chapter has been presented. The brief discussion has been presented as follows.

Chapter one introduces and presents the background of the study, as well as the introduction of District Central Co-Operative banks, problem statement, significant of the study and structure of thesis.

Chapter two deals with the literature review related with the performance analysis of DCCBs followed by other banks from public and private sector. Reviews related to other sectors are also considered, as it will be helpful to the researcher to make a decision to choose analytical tools to analyze the data.

In **the third chapter** focuses on theoretical framework, in this chapter origin and development of co-operative bank in India and Gujarat have been discussed. The Credit structures of Financial System in India, concept of co-operative bank, objectives of co-operative bank have been discussed.

The **fourth chapter** is the foundation of the research methodology. In this chapter, the researcher not only takes of research methods but also consider the logic behind the methods that he use in the context of the research study and explain why he applies particular methods or techniques. So, the research results are capable of being evaluated

The **fifth chapter** spotlights the data analysis and interpretation.

The **sixth chapter** provides the findings of the study followed by conclusions and suggestions.

Appendices and References have been given at the end of the thesis.

8. Limitations

There are certain Limitations inherent in the present studies that are as follows:

1. This Study covers only District Central District Central Co-Operative banks.
2. For the purpose of these studies, the data have been collected from the secondary sources; therefore all the deficiency that is inherent in the data is also included in the study.
3. The conclusion of the study has been derived through the analysis of the data collected from the annual Report of District Central Co-Operative banks, therefore the study included the limitations whatever the report portrays.
4. The Limitation of tools and techniques applied for the analysis are inherent in present study.
5. The main tools and techniques used for the analysis are borrowed from the corporate accounting practices because a systematic accounting framework is not readily available for District Central District Central Co-Operative banks. Thus,

the researcher was compelled to make slight deviations and appropriations in the computation of ratios and other relevant indicators.

6. The detailed analysis is restricted to ten years only.

9. Tentative Conclusion

From the analysis and interpretation of the data, it has been concluded that the financial performance of District Central Co-operative Banks of Gujarat is poor. Moreover, it has been concluded that there is a significant difference in profitability ratios of most of the DCCBs of Gujarat. It has been also found the significant difference in liquidity ratios and capital structure ratios of all DCCBs of Gujarat.

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Signature of Research Scholar **Signature of the Supervising Teacher**

Chetan C. Patel **Dr. K.N.Chavda**